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Town of Gibsland  
Gibsland, Louisiana

Annual Financial Statements  
As of June 30, 2006 and for the Year Then Ended

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/7/07

Town of Gibsland  
Annual Financial Statements  
As of and for the Year Ended June 30, 2006  
With Supplemental Information Schedules

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Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2006

The management of the Town of Gibsland, Louisiana offers readers of the Town of Gibsland, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2006. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

### **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2006

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Departments.

### Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,356,779 (net assets); this represents a decrease of \$31,687 from the last fiscal year. Of this total net asset amount, \$81,568 is unrestricted net assets. The Town's net assets are comprised of \$36,310 from governmental activities and \$2,320,469 from business-type activities.

The following is a condensed statement of the Town of Gibsland's net assets as of June 30, 2005:

	Governmental-Type Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current & Other Assets	\$4,565	\$29,090	\$311,957	\$402,570	\$316,522	\$431,660
Capital Assets (net)	61,493	66,608	2,903,003	2,935,915	2,964,496	3,002,523
<b>Total Assets</b>	<u>66,058</u>	<u>95,698</u>	<u>3,214,960</u>	<u>3,338,485</u>	<u>3,281,018</u>	<u>3,434,183</u>
<b>Liabilities</b>						
Other Liabilities	\$29,748	\$16,770	\$83,259	\$184,544	\$113,007	\$201,314
Long-term Liabilities	0		811,232	844,403	811,232	844,403
<b>Total Liabilities</b>	<u>29,748</u>	<u>16,770</u>	<u>894,491</u>	<u>1,028,947</u>	<u>924,239</u>	<u>1,045,717</u>
<b>Net Assets</b>						
Invested in capital assets, net	61,493	66,608	2,039,218	2,033,116	2,100,711	2,099,724
Restricted	0	0	174,500	175,203	174,500	175,203
Unrestricted	(25,183)	12,320	106,751	101,219	81,568	113,539
<b>Total Net Assets</b>	<u>36,310</u>	<u>78,928</u>	<u>2,320,469</u>	<u>2,309,538</u>	<u>2,356,779</u>	<u>2,388,466</u>

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2006

By far the largest portion of the Town's net assets \$2,100,711 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of \$81,568 is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding debt of \$924,239, which was used to finance some of the \$2,964,496 capital assets. Total liabilities of \$924,239 are equal to 31% of the total net assets.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue						
Program Revenue	\$0	\$700	\$341,406	\$235,166	\$341,406	\$235,866
General Revenue & Transfers	149,828	137,814	20,294	22,005	170,122	158,108
Total Revenue	149,828	138,514	361,700	257,171	511,528	393,974
Expenses						
General & Administrative	141,759	109,082			141,759	109,082
Public Safety	50,090	36,457			50,090	36,457
Water Utilities			172,149	157,675	172,149	172,149
Sewer Utilities			178,619	197,681	178,619	178,619
Total Expenses	191,849	145,539	350,768	355,356	542,617	496,307
Increase (Decrease) in Net Assets	(42,021)	(7,025)	10,932	(98,185)	(31,089)	3,907
Net Assets, June 30, 2004	78,928	85,953	2,309,538	2,407,723	2,388,466	2,395,491
Net Assets, June 30, 2005	36,907	78,928	2,320,470	2,309,538	2,357,377	2,399,398

### Governmental Activities

The governmental activities of the Town include General Government and Public Safety. In that revenues normally associated with municipal operations, (e.g. property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

### Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2006

The following is a summary of the business-type activities of the Town:

	Operating Revenues Net of Purchases		
	Water	Sewer	Total
Fiscal year ended June 30, 2005	120,995	114,171	235,166
Fiscal year ended June 30, 2006	174,484	110,820	285,304
Increase (decrease) between years	53,489	(3,351)	50,138

	Operating Expenses		
	Water	Sewer	Total
Fiscal year ended June 30, 2005	157,675	197,681	355,356
Fiscal year ended June 30, 2006	159,534	149,148	308,682
Increase (decrease) between years	1,859	(48,533)	(46,674)

	Net Income (Loss) From Operations		
	Water	Sewer	Total
Fiscal year ended June 30, 2005	(36,680)	(83,510)	(120,190)
Fiscal year ended June 30, 2006	14,950	(38,328)	(23,378)
Increase (decrease) between years	51,630	45,182	96,812

The reasons for major fluctuations noted above are as follows:

Water revenues increased due to an increase in water rates during the year. Sewer expenses decreased due to how the water and sewer payroll expenses were allocated as compared to prior year.

#### Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. These fund types include the General Fund and Capital Projects Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and Capital Projects Fund which are both considered to be major funds.

The Town adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information Schedule 1), which compares actual revenues and expenditures to the original budget and amended budget (if applicable) figures.

Town of Gibsland, Louisiana  
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June 30, 2006

**Financial Analysis of the Town's Governmental Fund**

The Town of Gibsland's governmental fund (General Fund) reported an ending fund balance of (\$25,200), which is a decrease of \$36,906. This decrease is caused by an increase in expenditures. The entire ending fund balance of (\$25,200) is unreserved.

**Fund Financial Statements - Proprietary Funds**

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water and Sewer Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

**Financial Analysis of the Town's Proprietary Fund**

The Town's proprietary funds show an increase in ending retained earnings of \$10,932 (Water - \$58,437 & Sewer - (\$47,505). The 2006 operating losses of the Water and Sewer Departments totaling \$23,378 represents a decrease in loss of \$53,257 from fiscal year 2005.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

**General Fund Budgetary Highlights**

The Town did not amend their original General Fund budget during the course of the year.

The actual deficiency of revenue for the current fiscal year was not sufficient to meet all expenditures. The final budget and the actual results differ by a negative position of \$35,906.

**Capital Asset and Debt Administration**

The total investment in net capital assets as of June 30, 2006 is \$2,100,711.

There were no new major capital assets purchased or constructed in fiscal 2006 for governmental activities.

**Current Financial Factors**

Current year changes for the Town of Gibsland are the water clerk turnover went from Nekebra Tibbs to Anetrice Lyles; the town clerk Terry Dampier resigned and was replaced by Regina White.



Town of Gibsland, Louisiana  
Management Discussion and Analysis  
June 30, 2006

The town has started the grant to upgrade the water system and dig a new well.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Gibsland's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Regina White, Clerk, P. O. Box 309, Gibsland, Louisiana 71028.

# EDWARDS, WADE & PERRY

Certified Public Accountants  
A Professional Accounting Corporation  
Members: AICPA / Society of LCPA's

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Gibsland, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Gibsland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Gibsland, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2006, on our consideration of the Town's internal control over financial reporting and our tests of its compliance and other matters with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 1 through 6 and 28 through 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gibsland's basic financial statements. The accompanying supplementary information, as referenced in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Edwards, Wade & Perry*

Ruston, Louisiana  
December 18, 2006

Town of Gibsland, Louisiana  
Statement of Net Assets  
June 30, 2006

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash investments	\$20,570	\$22,859	\$43,429
Receivables	21,088	35,764	56,852
Internal balances	(37,258)	37,258	0
Restricted assets	0	216,076	216,076
Other assets	165	0	165
Capital assets (net)	61,493	2,903,003	2,964,496
TOTAL ASSETS	\$66,058	\$3,214,960	\$3,281,018
Liabilities			
Accounts, salaries, and other payables	\$29,748	\$9,967	\$39,715
Current loans and interest payable		52,553	52,553
Liabilities payable from restricted assets		20,739	20,739
Loans payable		811,232	811,232
TOTAL LIABILITIES	29,748	894,491	924,239
NET ASSETS			
Invested in capital assets, net of related debt	61,493	2,039,218	2,100,711
Restricted for debt service		174,500	174,500
Unrestricted	(25,183)	106,751	81,568
TOTAL NET ASSETS	\$36,310	\$2,320,469	\$2,356,779

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Activities  
Year Ended June 30, 2006

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Expenses						
Governmental Activities:						
General government	\$141,759			(\$141,759)		(\$141,759)
Public safety	50,090			(50,090)		(50,090)
Total governmental activities	191,849	0	0	(191,849)	0	(191,849)
Business-type activities						
Water utilities	172,149		\$56,102		\$58,437	58,437
Sewer utilities	178,619				(67,799)	(67,799)
Total business-type activities	350,768	0	56,102	0	(9,362)	(9,362)
Total primary government	\$542,617	\$0	\$56,102	(\$191,849)	(\$9,362)	(\$201,211)
General revenues:						
Property taxes				\$22,480	\$19,335	\$41,815
Sales taxes				63,404		63,404
Franchise fees				20,849		20,849
Licenses and permits				27,314		27,314
Fines and forfeitures				3,175		3,175
Gain on sale of assets				100		100
Investment earnings				191	959	1,150
Other general revenues				12,315		12,315
Transfers				0	0	0
Total general revenues and transfers				149,828	20,294	170,122
Change in Net Assets				(42,021)	10,932	(31,089)
Net assets - beginning				78,331	2,309,538	2,387,869
Net assets - ending				\$36,310	\$2,320,470	\$2,356,780

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
 Balance Sheet, Governmental Funds  
 June 30, 2006

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash investments	\$20,553	\$17	\$20,570
Receivable	10,691	10,397	21,088
Other assets	165		165
<b>TOTAL ASSETS</b>	<b><u>\$31,409</u></b>	<b><u>\$10,414</u></b>	<b><u>\$41,823</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts, salaries, and other payables	\$19,351	10,397	\$29,748
Due to other funds	37,258		37,258
Total liabilities	<u>56,609</u>	<u>10,397</u>	<u>67,006</u>
Fund balances:			
Unreserved, reported in:			
General fund	(25,200)		(25,200)
Capital projects fund		\$17	17
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$31,409</u></b>	<b><u>\$10,414</u></b>	<b><u>\$41,823</u></b>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Reconciliation of The Governmental Funds Balance Sheet  
to The Government-Wide Financial Statement of Net Assets  
June 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances, Total governmental funds (Statement C)	(\$25,183)
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental capital assets	178,375	
Less accumulated depreciation	<u>(116,882)</u>	<u>61,493</u>
Net Assets of Governmental Activities (Statement A)		<u><u>\$36,310</u></u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2006

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$22,480		\$22,480
Sales and use	63,404		63,404
Franchise fees	20,849		20,849
Licenses and permits	27,314		27,314
Intergovernmental revenues:			
State grants		\$56,102	56,102
State funds-state revenue sharing	99		99
Fines and forfeitures	3,175		3,175
Interest earnings	191		191
Other revenues	12,216		12,216
Total Revenues	149,728	56,102	205,830
<b>EXPENDITURES</b>			
General government	136,644		136,644
Public safety	50,090		50,090
Capital outlay	0	56,102	56,102
Total Expenditures	186,734	56,102	242,836
Excess (Deficiency) of Revenues over (under) Expenditures	(37,006)	0	(37,006)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	100		100
Total Other Financing Sources (Uses)	100	0	100
Net Change in Fund Balance	(36,906)	0	(36,906)
Fund Balance - beginning	11,706	17	11,723
Fund Balance - ending	<u>(\$25,200)</u>	<u>\$17</u>	<u>(\$25,183)</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Reconciliation of The Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement E)	(\$36,906)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	<u>(5,115)</u>
Change in Net Assets of Governmental Activities, Statement B	<u><u>(\$42,021)</u></u>

The accompanying notes are an integral part of this statement.



Town of Gibsland, Louisiana  
Statement of Net Assets, Proprietary Funds  
June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals	
			(Memorandum Only)	
			2006	2005
<b>ASSETS</b>				
Current assets:				
Cash and cash investments	\$19,017	\$3,842	\$22,859	\$19,488
Receivables	20,859	14,905	35,764	29,684
Due from other funds	98,313	30,164	128,477	91,768
Total current assets	<u>138,189</u>	<u>48,911</u>	<u>187,100</u>	<u>140,940</u>
Restricted assets:				
Cash and cash investments	114,157	\$101,919	216,076	261,630
Non-current assets:				
Capital assets (net of accumulated depreciation)	<u>540,121</u>	<u>2,362,882</u>	<u>2,903,003</u>	<u>2,935,915</u>
Total Non-current assets	<u>540,121</u>	<u>2,362,882</u>	<u>2,903,003</u>	<u>2,935,915</u>
TOTAL ASSETS	<u>\$792,467</u>	<u>\$2,513,712</u>	<u>\$3,306,179</u>	<u>\$3,338,485</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts, salaries, and other payables	\$5,863	\$4,104	\$9,967	\$10,537
Due to other funds	0	91,219	91,219	88,193
Loans and interest payable	<u>18,543</u>	<u>34,010</u>	<u>52,553</u>	<u>58,396</u>
Total current liabilities	<u>24,406</u>	<u>129,333</u>	<u>153,739</u>	<u>157,126</u>
Current liabilities payable from restricted assets	<u>20,739</u>	<u>0</u>	<u>20,739</u>	<u>27,418</u>
Non-current liabilities:				
Loans payable	<u>235,000</u>	<u>576,232</u>	<u>811,232</u>	<u>844,403</u>
Total non-current liabilities	<u>235,000</u>	<u>576,232</u>	<u>811,232</u>	<u>844,403</u>
Total liabilities	<u>280,145</u>	<u>705,565</u>	<u>985,710</u>	<u>1,028,947</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	286,578	1,752,640	2,039,218	2,033,116
Restricted for debt service	93,418	81,082	174,500	175,203
Unrestricted	<u>132,326</u>	<u>(25,575)</u>	<u>106,751</u>	<u>101,219</u>
TOTAL NET ASSETS	<u>\$512,322</u>	<u>\$1,808,147</u>	<u>\$2,320,469</u>	<u>\$2,309,538</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Totals Memorandum only)	
			2006	2005
Operating Revenues				
Charges for services:				
Water sales	\$125,121		\$125,121	\$97,231
Sewer charges		\$108,488	108,488	113,658
Other services	49,363	2,332	51,695	24,277
Total Operating Revenues	174,484	110,820	285,304	235,166
Operating Expenses				
Cost of sales and services	84,029	56,312	140,341	121,319
Administration	46,050	27,225	73,275	95,668
Depreciation	29,455	65,611	95,066	94,814
Total Operating Expenses	159,534	149,148	308,682	311,801
Operating income (loss)	14,950	(38,328)	(23,378)	(76,635)
Nonoperating revenue (expenses)				
Intergovernmental	0	19,335	19,335	19,265
Interest earnings	0	959	959	2,740
Interest expense	(12,615)	(29,471)	(42,086)	(43,555)
Total Nonoperating Revenue (Expenses)	(12,615)	(9,177)	(21,792)	(21,550)
Income before contributions and transfers	2,335	(47,505)	(45,170)	(98,185)
Capital contributions	56,102	0	56,102	0
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Change in Net Assets	58,437	(47,505)	10,932	(98,185)
Total Net Assets - Beginning	453,885	1,855,653	2,309,538	2,407,723
Total Net Assets - Ending	\$512,322	\$1,808,148	\$2,320,470	\$2,309,538

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Statement of Cash Flows, Proprietary Funds  
For the Year Ended June 30, 2006

	Utility Fund	Sewer Fund	Total (Memo only)	2005
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$160,182	\$112,363	\$272,545	\$238,627
Receipts from other funds		24,231	24,231	21,323
Payments to suppliers	(95,288)	(63,344)	(158,632)	(134,515)
Payments to employees	(34,299)	(21,256)	(55,555)	(77,918)
Payments to other funds	(6,545)	(32,034)	(38,579)	1,781
Net Cash Provided by Operating Activities	<u>24,050</u>	<u>19,960</u>	<u>44,010</u>	<u>49,298</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfer to other funds	0	0	0	0
Advances from other funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases of capital assets	(56,102)	(6,052)	(62,154)	0
Principal paid on capital debt	(17,000)	(20,877)	(37,877)	(31,651)
Interest paid on capital debt	(13,146)	(30,077)	(43,223)	(45,055)
Capital contributions	56,102	0	56,102	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(30,146)</u>	<u>(57,006)</u>	<u>(87,152)</u>	<u>(76,706)</u>
<b>Cash Flows from Investing Activities</b>				
Interest and dividends received	0	959	959	2,740
Net Cash Provided by Investing Activities	<u>0</u>	<u>959</u>	<u>959</u>	<u>2,740</u>
<b>Net Increase in Cash and equivalents</b>	<u>(6,096)</u>	<u>(36,087)</u>	<u>(42,183)</u>	<u>(24,668)</u>
<b>Cash and equivalents, Beginning of Year</b>	<u>139,270</u>	<u>141,848</u>	<u>281,118</u>	<u>305,786</u>
<b>Cash and equivalents, End of Year</b>	<u><u>\$133,174</u></u>	<u><u>\$105,761</u></u>	<u><u>\$238,935</u></u>	<u><u>\$281,118</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>				
Operating income	\$14,950	(\$38,328)	(\$23,378)	(\$76,635)
Depreciation expense	29,455	65,611	95,066	94,814
(Increase) decrease in accounts receivable	(7,623)	1,543	(6,080)	1,851
(Increase) decrease in intergovernmental funds	0	19,335	19,335	19,265
(Increase) decrease in due from other funds	(6,545)	(30,164)	(36,709)	2,058
Increase (decrease) in customer deposits	(6,679)	0	(6,679)	1,611
Increase (decrease) in accounts payable	492	(1,063)	(571)	4,553
Increase (decrease) in due to other funds	0	3,026	3,026	1,781
Net Cash Provided by Operating Activities	<u>\$24,050</u>	<u>\$19,960</u>	<u>\$44,010</u>	<u>\$49,298</u>
<b>Reconciliation of total cash and cash investments:</b>				
Current assets - cash and cash investments	\$19,017	\$3,842	\$22,859	\$19,488
Restricted assets - cash and cash investments	114,157	101,919	216,076	261,630
Total cash and cash investments	<u>\$133,174</u>	<u>\$105,761</u>	<u>\$238,935</u>	<u>\$281,118</u>

The accompanying notes are an integral part of this statement.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

## INTRODUCTION

The Town was incorporated under the provisions of Louisiana Revised Statutes 33:52. The Town operates under a form of government consisting of an elected mayor and a Town council, which has five elected members. The Town, with 11 employees, provides public safety, public works, utility services, and administrative services to its residents. The Town consists of approximately 1,119 citizens.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Town's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

#### A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital projects fund is used to account for all resources and expenditures in connection with the acquisition of capital facilities and major capital improvements.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

The Town reports the following major proprietary funds:

The Water fund is to account for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

The Sewer fund is to account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Town. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments for the Town are reported at fair value.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

<u>Taxes due for:</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General operations and maintenance	12.90	11.93	6/30/06
Sewer District	5.81	5.18	6/30/06
Sewer Bond	5.81	5.18	6/30/06

The following are the principal taxpayers and related property tax revenue for the Town:

<u>Taxpayer</u>	<u>Type of business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad valorem Tax Revenue for Town</u>
Gibsland Bank & Trust	financial institution	445,883	23.66%	\$9,883
Bellsouth Telecommunications	communications	186,800	9.91%	4,145
Total		<u>632,683</u>	<u>33.58%</u>	<u>\$14,028</u>

*Sales Taxes.* Sales taxes are collected by Bienville parish sales and use tax commission and remitted to the Town. Amounts remitted during the current period and amounts collected by the governmental agency during the current period and remitted within 60 days to the Town are recognized as revenue. The Town's sales tax percentage is 2 per cent.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

F. Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Water and sewer system and lines	40 years
Buildings and improvements	10-27 years
Vehicles	3-5 years
Equipment	3-7 years

H. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

The Town's full time employees receive sick and vacation time at the beginning of each calendar year. Vacation time must be used during the course of the calendar year. Unused sick time may be carried forward to the next year. The Town's sick and vacation time at June 30, 2006, was not material to the financial statements and was not recorded.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.



Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. There are no reservations or designations for the year ended June 30, 2006.

K. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

M. Reconciliations of Government-Wide and Fund Financial Statements

*Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.* The following reconciles the fund balances of governmental funds to the government-wide statement of net assets.

Governmental capital assets	\$178,375
Less accumulated depreciation	<u>(116,882)</u>
Net adjustment	<u>\$61,493</u>

*Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.* The following reconciles the net changes in fund balance-total governmental funds to the changes in net assets of governmental activities.

Expenditures for capital assets	\$0
Depreciation	<u>5,115</u>
Net adjustment	<u>\$5,115</u>

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

N. RISK MANAGEMENT

The town is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability and surety bond coverage. No claims were paid on any of the policies which exceeded to policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2006.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

*BUDGET INFORMATION* The Town uses the following budget practices:

The Town adopted a budget for the year ended June 30, 2006 for the General fund. The Town follows the following procedures in establishing the budgetary data reflected in the financial statements. During the June meeting, the Town clerk submits to the board of aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and expenses and the means of financing them. During the June meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There were no amendments to the original budget.

*EXCESS OF EXPENDITURES OVER APPROPRIATIONS.* The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2006.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	<u>\$110,380</u>	<u>\$186,734</u>	<u>(\$76,354)</u>
Total	<u>\$110,380</u>	<u>\$186,734</u>	<u>(\$76,354)</u>

The Town's daily management and Town council will monitor the budget and actual figures on a monthly basis for needed amendments.

3. CASH AND CASH EQUIVALENTS

At June 30, 2006, the Town has cash and cash equivalents (book balances) totaling \$259,505 as follows:

Demand deposits	\$27,828
Interest-bearing demand deposits	215,922
Time deposits	<u>15,755</u>
Total	<u>\$259,505</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

At June 30, 2006, the Town has \$266,103 in deposits (collected bank balances). These deposits are secured from risk by \$120,739 of federal deposit insurance and \$145,364 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

#### 4. INVESTMENTS

Investments include a certificate of deposit with a maturity of 12 months that has been included in cash and equivalents in the basic financial statements. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

At fiscal year-end, the Town's investments balances were as follows:

Type of investment	Category			Carrying amount			Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	Cost	
Certificate of deposit	\$15,755	\$0	\$0	\$15,755	\$0	\$0	\$15,755
Total investments	<u>\$15,755</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,755</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,755</u>

#### 5. RECEIVABLES

The receivables of \$56,852 at June 30, 2006, are as follows:

Class of Receivable	General Fund	Capital Projects Fund	Utility Fund	Sewer Fund	Total
Sales and use taxes	\$7,281				\$7,281
Franchise fees	3,250				3,250
Grants		\$10,397			10,397
Other	160				160
Accounts			\$20,859	\$14,905	35,764
Total	<u>\$10,691</u>	<u>\$10,397</u>	<u>\$20,859</u>	<u>\$14,905</u>	<u>\$56,852</u>

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnect fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

#### 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2006 is as follows:

Due To/From Other Funds:		
<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
	General fund	(\$37,258)
	Sewer fund	(61,055)
Utility fund		<u>98,313</u>
Total		<u><u>\$0</u></u>

The balances consist of allocations for accounting fees, payroll and payroll taxes, and assisting the Sewer fund in the payment of its note. The Town's management will pay monies back to the funds as monies come in.

#### 7. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2006, for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$23,642</u>			<u>\$23,642</u>
Total capital assets not being depreciated	<u>23,642</u>	<u>0</u>	<u>0</u>	<u>23,642</u>
Capital assets being depreciated:				
Buildings	44,513			44,513
Machinery and equipment	102,808		(\$20,577)	82,231
Infrastructure	<u>27,989</u>			<u>27,989</u>
Total capital assets being depreciated	<u>175,310</u>	<u>0</u>	<u>(20,577)</u>	<u>154,733</u>
Less accumulated depreciation for:				
Buildings	\$36,456	\$1,648		\$38,104
Machinery and equipment	92,777	2,430	(20,577)	74,630
Infrastructure	<u>3,111</u>	<u>1,037</u>		<u>4,148</u>
Total accumulated depreciation	<u>132,344</u>	<u>5,115</u>	<u>(20,577)</u>	<u>116,882</u>
Total capital assets being depreciated, net	<u>\$66,608</u>	<u>(\$5,115)</u>	<u>\$0</u>	<u>\$61,493</u>

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	<u>\$49,175</u>			<u>\$49,175</u>
Total capital assets not being depreciated	<u>49,175</u>	<u>0</u>	<u>0</u>	<u>49,175</u>
Capital assets being depreciated:				
Buildings	<u>7,935</u>			<u>7,935</u>
Improvements other than buildings	<u>4,158,794</u>	<u>\$56,102</u>		<u>4,214,896</u>
Machinery and equipment	<u>25,480</u>	<u>6,052</u>	<u>(\$1,250)</u>	<u>30,282</u>
Total capital assets being depreciated	<u>4,192,209</u>	<u>62,154</u>	<u>(1,250)</u>	<u>4,253,113</u>
Less accumulated depreciation for:				
Buildings	<u>7,935</u>			<u>7,935</u>
Improvements other than buildings	<u>1,278,010</u>	<u>94,763</u>		<u>1,372,773</u>
Machinery and equipment	<u>19,524</u>	<u>303</u>	<u>(1,250)</u>	<u>18,577</u>
Total accumulated depreciation	<u>1,305,469</u>	<u>95,066</u>	<u>(1,250)</u>	<u>1,399,285</u>
Total capital assets being depreciated, net	<u>\$2,935,915</u>	<u>(\$32,912)</u>	<u>\$0</u>	<u>\$2,903,003</u>

Depreciation expense of \$5,115 for the year ended June 30, 2006, was charged to the following governmental functions:

General government	<u>\$5,115</u>
Total	<u>\$5,115</u>

#### 8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$20,882 at June 30, 2006, are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Accounts	<u>\$19,351</u>	<u>\$10,397</u>	<u>\$5,863</u>	<u>\$4,104</u>	<u>\$39,715</u>
Total	<u>\$19,351</u>	<u>\$10,397</u>	<u>\$5,863</u>	<u>\$4,104</u>	<u>\$39,715</u>

#### 9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2006:

	<u>Loans payable</u>
Long-term obligations at beginning of year	<u>\$882,108</u>
Additions	<u>0</u>
Deductions	<u>(37,877)</u>
Long-term obligations at end of year	<u>\$844,231</u>

Town of Gibsland, Louisiana  
Notes to the Financial Statements  
As of and For the Year Ended June 30, 2006

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2006:

	<u>Loans payable</u>
Current portion	\$36,580
Long-term portion	<u>807,651</u>
Total	<u><u>\$844,231</u></u>

All loans outstanding at June 30, 2006, for \$844,231, are loans payable to the U.S. Department of Agriculture - Farmers Home Administration with interest rates from 4.5% to 6.75%. Principal and interest payable in the next fiscal year are \$31,875 and \$40,884, respectively. The individual issues are as follows:

<u>Loan number</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>	<u>Funding Source</u>
Loan 91-01	11/20/80	5.00	2020	\$110,650	\$246,000	USDA
Loan 92-01	7/15/83	5.00	2023	37,250	69,000	USDA
Loan 92-02	7/15/83	5.00	2022	70,100	136,000	USDA
Loan 92-03	7/15/83	5.00	2023	37,250	69,000	USDA
Loan 92-06	8/8/85	6.75	2009	6,054	35,163	USDA
Loan 92-08	3/8/99	4.50	2039	251,942	289,068	USDA

At June 30, 2006, the Town has accumulated \$174,500 for future debt repayments. The annual requirements to amortize all loans outstanding at June 30, 2006, including interest of \$496,667 is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2007	\$31,875	\$40,884	\$72,759
2008	36,580	39,143	75,723
2009	37,790	37,175	74,965
2010	39,175	35,147	74,322
2011	30,240	33,049	63,289
2012 - 2016	180,042	141,203	321,245
2017 - 2021	235,606	91,338	326,944
2022 - 2026	102,075	42,419	144,494
2027 - 2031	58,928	25,516	84,444
2032 - 2036	73,766	10,678	84,444
2037 - 2040	18,154	115	18,269
Total	<u><u>\$844,231</u></u>	<u><u>\$496,667</u></u>	<u><u>\$1,340,898</u></u>

#### 10. ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended June 30, 2006, the State made contributions of \$3,770.

## REQUIRED SUPPLEMENTAL INFORMATION

Town of Gibsland, Louisiana  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts GAAP Basis	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$20,000	\$20,000	\$22,480	\$2,480
Sales and use	49,000	49,000	63,404	14,404
Franchise fees	15,000	15,000	20,849	5,849
Licenses and permits	14,010	14,010	27,314	13,304
Intergovernmental revenues:				
State funds - state revenue sharing	250	250	99	(151)
Fines and forfeitures	8,000	8,000	3,175	(4,825)
Interest earnings	0	0	191	191
Other revenues	3,120	3,120	12,216	9,096
Total Revenues	109,380	109,380	149,728	40,348
EXPENDITURES				
General government	72,380	72,380	136,644	(64,264)
Public safety	38,000	38,000	50,090	(12,090)
Capital outlay	0	0	0	0
Total Expenditures	110,380	110,380	186,734	(76,354)
Excess (Deficiency) of Revenues over (under) Expenditures	(1,000)	(1,000)	(37,006)	36,006
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	0	0	100	100
Total Other Financing Sources (Uses)	0	0	100	100
Net Change in Fund Balance	(1,000)	(1,000)	(36,906)	(35,906)
Fund Balance (Deficit) at Beginning of Year	11,706	11,706	11,706	0
Fund Balance (Deficit) at End of Year	<u>\$10,706</u>	<u>\$10,706</u>	<u>(\$25,200)</u>	<u>(\$35,906)</u>

Notes to the Schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances

General government expenditures included more payroll than was budgeted

The accompanying notes are an integral part of this statement.



## OTHER SUPPLEMENTAL SCHEDULES

Town of Gibsland  
Schedule of Compensation Paid Board Members  
For the Year Ended June 30, 2006

Schedule 2

<u>Board Member</u>	<u>Amount</u>
Odis Key, Mayor	\$2,900
Dawson Anglin	675
Travis Crawford	350
Patrick White	600
Charles Andrews	550
Olen Jackson	600
Total	<u>\$5,675</u>

The accompanying notes are an integral part of this statement.

## OTHER REPORTS

# EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

## **REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Town Council  
Town of Gibsland  
Gibsland, Louisiana

We have audited the financial statements of the Town of Gibsland as of and for the year ended June 30, 2006 and have issued our report thereon dated December 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Gibsland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 06-1, 06-2, and 06-6.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Gibsland's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Gibsland's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-3, 06-4, 06-5, and 06-7.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-3 to be a material weakness.

This report is intended for the information and use of management and any interested federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Edwards, Wade & Perry*

Ruston, Louisiana  
December 18, 2006

Town of Gibbsland  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006

We have audited the financial statements of Town of Gibbsland as of and for the year ended June 30, 2006, and have issued our report thereon dated December 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 18, 2006 resulted in an unqualified opinion.

**A. Summary of Audit Results**

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses X Yes \_\_\_ No Reportable X Yes \_\_\_ No

Compliance

Compliance Material to Financial Statements \_\_\_ Yes X No

2. Federal Awards

Internal Control

Material Weaknesses \_\_\_ Yes X No Reportable \_\_\_ Yes X No

Type of Opinion On Compliance	Unqualified <u>X</u>	Qualified ___
For Major Programs	Disclaimer ___	Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?  
\_\_\_ Yes X No

3. Identification of Major Programs:

CFDA Number(s)

Name of Federal Program (or Cluster)

N/A

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Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? \_\_\_ Yes X No

## **B. Financial Statements Findings**

- 06-1. For the year ended June 30, 2006 actual expenditures exceeded budgeted expenditures by \$76,354 or 69% (more than 5%) for the General fund. According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: Town should monitor budget and actual figures monthly and amend as necessary.

- 06-2. The town sold 3 vehicles for a total of \$100 to the lowest bidder. According to LRS 33:4712(F), a municipality is authorized to sell movable property but the sale must be made to the highest bidder.

Recommendation: Town should comply with the above mentioned statute.

- 06-3. By testing several receipts and disbursements to original documents for support, it was determined that the overall internal control for the Town is inadequate. The following are examples of the Town's poor internal control:

A. As part of our test of revenues, 29 traffic tickets were selected from 29 total traffic tickets issued during the period. Of the 29 selected, according to town's records twelve (12) tickets were paid, of which only one (1) could we trace to a deposit slip and two (2) could be traced to the general ledger. Sixteen warrants were issued of which we could only examine eight (8) warrants. The remaining ticket was voided.

B. As part of our test of revenues, minimal support for insurance licenses was maintained.

C. During our test of 60 random disbursements, twenty-seven (27) did not have supporting documentation, invoices, or signed and approved timesheets; seven (7) checks could not be supported by authorized signatures; six (6) selected for account distribution were improperly posted.

D. During testing of enterprise billing and collections, 8 of 8 receipts by check could not be traced to a deposit slip and receipt book.

E. For two (2) months during the year, sewer bills were mailed only having charged the minimum amount. After the computers were fixed, the sewer bills were then calculated incorrectly.

F. Several items were not supplied to us for testing; for example, minutes for 4 meetings and several invoices for the search for unrecorded liabilities.

G. The town did not use fund financial statements during the year. While separating the financial statements by fund for report purposes, it was determined the balance sheets did not balance.

Recommendation: We recommend the Town establish internal controls to monitor receipts and disbursements.

- 06-4. The Town did not include the correct amounts for supplemental pay and corresponding payroll tax expense for police officers in it's quarterly payroll reports. The Town received the documentation monthly and quarterly from the state.

Recommendation: We recommend the Town amend it's payroll reports as necessary.

- 06-5. Payroll liability payments have not been made for the portions of the year.

Recommendation: The Town determine amount due and pay accordingly.

- 06-6. The town has been employing both the town clerk and a police officer who are married. This is in violation of LRS 42:1119 which states no member of the immediate family of a member of a governing authority or the chief executive of a governmental entity shall be employed by the governmental entity.

Recommendation: Contact ethics board for further instructions.

- 06-7. As of December 22, 2006, the town and its attorney have not provided the legal representation letter.

Recommendation: Advise the town's attorney to send the legal representation letter as soon as possible.

#### **C. Federal Award Findings and Questioned Costs**

None



Town of Gibsland  
Summary of Prior Year Findings  
For the Year Ended June 30, 2006

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

- 05-1. Actual expenditures exceeded budgeted expenditures by \$36,776 or 34%.

Conclusion: Unresolved - see 06-1

- 05-2. Overall internal control for the Town is inadequate in areas such as a) traffic tickets, b) franchise fee support, c) insurance license support, d) original invoices/documentation for disbursements, e) missing support for utility billings and collections.

Conclusion: Partially resolved - see 06-3

- 05-3. Supplemental pay not included in town's financial information.

Conclusion: Partially resolved - see 06-3

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

None

**C. MANAGEMENT LETTER**

- 05-1. Christmas bank account in town's name not included in financial information.

Conclusion: Resolved



# TOWN OF GIBSLAND

P. O. Box 309

Gibsland, Louisiana 71028

(318) 843-6141 • Fax (318) 843-9409

December 29, 2006

## Audit Finding Response:

**Finding 06-01:** Due to high volume of water leaks overtime was mandatory to watch water tower, tanks, and pumps to make sure The Town of Gibsland citizens had water. Once the new tower is finished and repairs are made to old lines this should keep budget in line. The Clerk will monitor budget monthly henceforth and amend as necessary.

**Finding 06-02:** In the future the Town of Gibsland will comply with the bid law.

**Finding 06-03: (A)** I requested a list of the tickets that a deposit could not be accounted for. I was advised that she could not locate the tickets in question. I have attached a list of deposit made for each ticket that was paid. She also has a copy of each officer's ticket log and court ledger along with the tickets and receipt book for the police department. The ticket log and ticket for the **VOIDED** ticket was included and showed that the ticket was written on **Arcadia's Ticket Book** and **not the Town of Gibsland**.

**Finding 06-03: (B)** The clerk sent all the insurance licenses in a box labeled insurance licenses. I don't think any effort was made on the auditor part to search for information requested because of the amount of papers that were sent. The clerk followed the same procedure for recording and filing as has been done in the past. I am open to any suggestions to make this process more efficient for the auditor.

**Finding 06-03: (C)** Every effort was made to place invoices with check stubs and to acquire necessary signatures. The clerk sent all invoices that could be located at the given time. The clerk was not made aware of any checks that did not have authorized signatures during the auditors request for additional information. These checks may have been done during the transition period when the Town of Gibsland did not have a clerk. All checks and invoices are now being monitored closely and proper documentation is attached.

**Finding 06-03: (D)** The Clerk is not clear as to what checks could not be traced for enterprise billing and collections. The clerk was not made aware of any additional



## TOWN OF GIBSLAND

P. O. Box 309

Gibsland, Louisiana 71028

(318) 843-8141 • Fax (318) 843-9409

information needed from auditor to support this finding and clerk is not sure of which enterprise the auditor is questioning, therefore the clerk cannot answer this finding.

**Finding 06-03: (E)** as explained in the requested (attached) letter that was sent to the auditor for several months customers were not being billed for sewer correctly. I was not aware that after the computing error that the sewer was still not being billed correctly. The clerk will now oversee all reports on billing and will make every effort to insure that all customers are billed correctly.

**Finding 06-03: (F)** The clerk supplied the auditor with her minute book and also all requested invoices. Once again because of the amount of paper work involved and the length of time between her requesting the information and gathering the information I sent a box with all this information in it. If the auditor would have gone through the box and minute book she would seen the information she needed. I am not sure what unrecorded liabilities she is requesting because it was not listed in her request for additional information.

**Finding 06-03: (G)** Each month at regular scheduled council meeting a financial statement is given to each alderman and also the towns Attorney Jonathon Stewart. Each alderman is also given a quarterly report from the towns CPA Douglas Brewer. I don't understand what report is not being given because the alderman receive a profit and loss statement and also a chart of each account ( general, utility, and sewer) which includes deposits and invoices for each month. I am open to any suggestions or changes that may be required as this is how it was always done.

**Finding 06-04:** The Town Clerk was not aware that the Town was responsible for the taxes on the supplemental pay when the CPA informed her of this the correction were made and the payroll was amended as necessary.



## TOWN OF GIBSLAND

P. O. Box 309

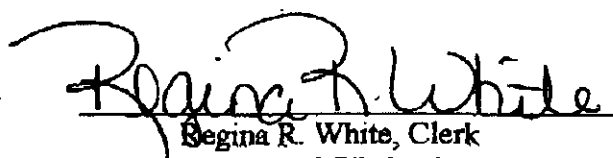
Gibsland, Louisiana 71028

(318) 843-6141 • Fax (318) 843-9409

**Finding 06-5:** The State of Louisiana Department of Revenue has not made the clerk aware of any payments that have not been paid or that were late. I have received no notice from CPA or anyone advising of such claim. Clerk will investigate and pay any amount owed.

**Finding 06-06:** The Town was under the understanding that the police department and the Mayors office are two separate entities. The Clerk /Mayor has no control over the police department operations (hiring, discipline, firing, time cards work schedule... etc). During the interview process Regina White was the most qualified applicant for the position. Mayor Odis Key was advised that it would be correct to hire clerk because she would not do the police department time cards or work schedule. The Police Chief Michael Wright handles all matters for the police department.

**Finding 06-07:** The town's clerk called several times to remind the Towns Attorney office to mail the requested letter.

 12/29/06  
Regina R. White, Clerk  
Town of Gibsland



## TOWN OF GIBSLAND

P. O. Box 309  
Gibsland, Louisiana 71028  
(318) 843-6141 • Fax (318) 843-9409

December 29, 2006

To Whom It May Concern:

Enclosed is my response to the Town of Gibsland 2005-2006 audit findings. I was disappointed in manner in which the audit was handled. I tried very hard to comply with the auditor and there request but I was given unreasonable deadlines and request to which I could not respond with in a timely fashion. To support my complaint I am enclosing dated information that was requested and dates and time to which I had to respond. I was also advised that I was being reported to the Legislative Audit because I did not respond to the auditors request within a time limit of there choosing and because of the December 31, 2006 deadline. I complied as effectively as I could along with my duties as Town Clerk. In order to gather the requested information I had to work late nights and even on New Years Eve, December 29, 2006 (the town's holiday) to comply with the audit.

Several of the auditor's findings were incorrect or not even requested in the additional information that was requested after the audit was started.

If you need additional information please call.

Regina R. White, Clerk  
Town of Gibsland

11:04 AM

12/29/06

Accrual Basis

**Town of Gibsland**  
**Account QuickReport**  
 July 1 through December 29, 2005

Type	Date	Num	Name	Memo	Split	Amount
<b>14 - General Fund Revenues</b>						
<b>14150 - Fines</b>						
Deposit	7/14/2005			Deposit	11100 - Cash...	60.00
Deposit	8/17/2005			Deposit	11100 - Cash...	37.50
Deposit	8/23/2005			Deposit	11100 - Cash...	43.67
Deposit	8/30/2005			Deposit	11100 - Cash...	301.50
Deposit	9/2/2005			Deposit	11100 - Cash...	
Deposit	9/2/2005			DWI FROM ...	11100 - Cash...	100.00
Deposit	9/28/2005			DWI BIENVIL...	11100 - Cash...	60.00
Deposit	10/17/2005			nikoya chairman	11100 - Cash...	80.00
Deposit	10/21/2005			Deposit	11100 - Cash...	199.50
Deposit	10/21/2005			Deposit	11100 - Cash...	115.00
Deposit	10/28/2005			WILLIE MCD...	11100 - Cash...	133.50
Deposit	11/11/2005			Deposit	11100 - Cash...	25.00
Deposit	11/29/2005			DWI BIENVIL...	11100 - Cash...	130.00
Deposit	11/30/2005			Deposit	11100 - Cash...	508.00
Deposit	12/2/2005			Deposit	11100 - Cash...	75.00
Total 14150 - Fines						1,868.67
Total 14 - General Fund Revenues						1,868.67
<b>TOTAL</b>						<b>1,868.67</b>

11:06 AM

12/29/06

Accrual Basis

**Town of Gibsland**  
**Account QuickReport**  
 July 2006 through December 2006

Type	Date	Num	Name	Memo	Split	Amount
<b>13900 - General Fund Fund Balance</b>						
Closing Entry	8/30/2006					3,014.67
<b>Total 13900 - General Fund Fund Balance</b>						<b>3,014.67</b>
<b>14 - General Fund Revenues</b>						
<b>14150 - Fines</b>						
Deposit	7/7/2006		VERONICA ...	11100 - Cash...		135.00
Deposit	7/31/2006		DEPT OF SA...	11100 - Cash...		25.00
Deposit	8/28/2006		BPSO RUDO...	11100 - Cash...		90.00
Deposit	9/5/2006		WINSTON M...	11100 - Cash...		220.00
Deposit	9/7/2006		BOBBIE LAT...	11100 - Cash...		15.00
Deposit	9/27/2006		RUDOLPH F...	11100 - Cash...		45.00
Deposit	10/12/2006		F. Rhodes	11100 - Cash...		149.50
Deposit	10/13/2006		Clifton Francis	11100 - Cash...		60.50
Deposit	10/13/2006		Kendra Butler	11100 - Cash...		60.50
Deposit	10/18/2006		YASHICKA ...	11100 - Cash...		125.00
Deposit	10/31/2006		JAMAL JOH...	11100 - Cash...		81.00
Deposit	11/1/2006		Rudolph Fran...	11100 - Cash...		55.00
Deposit	11/10/2006		JASON ANT...	11100 - Cash...		191.50
Deposit	11/10/2006		REPORTING...	11100 - Cash...		5.00
Deposit	12/1/2006		DALLAS OMA	11100 - Cash...		115.50
Deposit	12/7/2006		LARRY LOT...	11100 - Cash...		115.50
Deposit	12/20/2006		Deposit	11100 - Cash...		2.00
Deposit	12/20/2006		Deposit	11100 - Cash...		186.00
Deposit	12/20/2006		Deposit	11100 - Cash...		448.61
Deposit	12/21/2006		Corey Pruitt fi...	11100 - Cash...		188.00
Deposit	12/27/2006		Artavous Jones	11100 - Cash...		106.00
Deposit	12/28/2006		Deposit	11100 - Cash...		345.50
<b>Total 14150 - Fines</b>						<b>2,763.11</b>
<b>Total 14 - General Fund Revenues</b>						<b>2,763.11</b>
<b>TOTAL</b>						<b>5,777.78</b>



## TOWN OF GIBSLAND

P. O. Box 309  
Gibsland, Louisiana 71028  
(318) 843-6141 • Fax (318) 843-9409  
Odis Key, Mayor

December 18, 2006

To Whom It May Concern:

Per your request for information concerning the mishap with the utility billing.

I have been informed that for several months customers were not being billed for

Water. Sewer rates were the only bills that were printed for about three months. The

Water Clerk was billing but overlooked the computing process on her billing.

If you have further question please call me.

Regina R. White  
Clerk, Town of Gibsland